GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3103
ANSWERED ON:10.12.2002
RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED, MUMBAI
DR. KIRIT SOMAIYA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is true that RCF, Mumbai Unit has started incurring losses recently;

(b) if so, the reasons thereof;

(c) whether during the first six months performance of 2002-2003 and 12 months result of 2001-2002 are negative;

(d) if so, the facts therefor;

(e) the details and comparative chart for last three years;

(f) whether it is going to result into lay-off, relieving the workers, labour staff;

(g) if so, the details thereof;

(h) whether it is due to the short supply of gas from GAIL and ONGC;

(i) if so, the reasons therefor;

(j) whether the Ministry and RCF Management are taking any steps to increase the gas supply;

(k) if so, the details thereof;

(l) whether the Petroleum Ministry is responding to the request; and

(m) if so, the measures being taken in this regard?

Answer

THE MINISTER OF CHEMICALS & FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a), (b), (h) and (i) : Yes, Sir. The main reason for incurring losses by RCF is due to short supply of gas by GAIL, revision of Retention prices of urea w.e.f. July 1997 and reduction in the subsidy on complex fertilizers during the current year.

(c) to (e): During the first six months i.e. April, 2002 to September, 2002 the company has incurred loss of Rs.133.47 crore (Provisional). However, in 2001-02, the company has earned a net profit of Rs.52.61 crore before tax. The details and comparative chart for the last three years is enclosed as Annexure.

(f) and (g) This is not presently under consideration.

(j) to (m) RCF has converted their service boilers, Auxiliary Boilers,Steam Superheaters etc. to use Naphtha fuel during the period 1996- 1999. Subsequently, as gas supply dipped further, RCF installed Naphtha Feed Scheme in 2001 to partially supplement the gas shortage. The gas supply has further reduced since then and to overcome this gas shortage additional naphtha feed system is to be installed with substantial investment. The matter has also been taken up with the Ministry of Petroleum.

ANNEXURE

DETAILS AND COMPARATIVE CHART INDICATING THE FINANCIAL DETAILS FOR THE LAST THREE YEARS IN RESPECT RASHTRIYACHEMICALS & FERTILIZERS LIMITED, MUMBAI AS REFERRED TO IN REPLY TO PARTS (c) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3103 FOR 10.12.2002

(Rs./Crores)

S.NO.	PARTICULARS	2002-2003 April-Sept. 2002	2001-2002	2000-2001	99-2000
1.	Income	901.65	2099.45	2137.93	2374.41
	Sales	721.34	1395.06	1437.27	1578.79
	Subsidy	164.76 L1	659.14	654.42	749.08
	Other Income	15.55	45.25	46.24	46.54
2.	Cost of Sales (Excluding Interest, Depreciation, Prior `Year Adjustment & Extra Ordinary Items)	978.37	1929.99	1940.73	2215.63
3.	Gross Profit/ (Loss) (1-2)	(76.72)	169.46	197.20	158.78
4.	Depreciation	24.90	76.88	59.10	46.90
5.	Interest (Net)	33.21	58.37	72.57	72.14
6.	Prior year Adj. -Expenses/ (Income)	-1.36	-18.40	-3.63	-3.34
7	Profit/(Loss) Before Tax	(133.47)	52.61	69.16	43.08
8.	Tax Provision (Net of Adj.)	0.00	28.40	L2 4.19	8.00
9.	Profit/(Loss) After Tax	(133.47)	24.21	64.97	35.08

L1 - The impact of 7th/8th pricing subsidy -117.25 crores is adjusted in subsidy income.
L2 - Includes deferred tax liability of Rs. 24.15 crores.